CHAPTER VI: MULTI-SOURCE FUNDING PLAN

SECTION A: INTRODUCTION

This chapter presents a variety of different types of information for consideration of funding options for Placer Legacy land management and program activities. A premise of the funding options presentation is that Placer Legacy would have a funding plan that relies on a number of different sources. The ultimate funding plan will depend on the scope of land management activities and on the governance structure chosen to implement Placer Legacy. This chapter provides information on local public funding options and state and federal funding sources. The funding experience of public and non-profit land management entities provides a useful context for evaluating potential Placer Legacy funding commitment. The chapter concludes with information about multiple sources of funding incorporated in habitat conservation plans in California.

SECTION B: LOCAL REVENUE OPTIONS

There are a number of potential sources of local revenue that could be tapped to provide funds for Placer Legacy land management and program activities. This section presents an analysis of local revenue options available to fund Placer Legacy, in addition to a set of criteria for evaluating public funding options.

Local Public Funding Options

As summarized in Table 6-1 on the following page, typical local public funding options include a general obligation (G.O.) bond, countywide sales tax increase, and a development impact fee. Other funding mechanisms include the parcel tax, hotel/motel tax, utility tax, business tax, and a Mello-Roos special tax.

Table 6-1. Local Funding Options

Revenue Source	Adoption Requirement and Tax Base	Geographic Area Constraints
Typical Open Space Funding Mechanisms		
Taxes:	Majority vote by Board of Supervisors and voter approval countywide	
Property Tax/G.O Bond	A countywide increase in property tax to fund a general obligation bond.	Countywide
Sales Tax	A countywide increase in sales tax on all taxable retail transactions. Could be raised up to 1½ cents.	Countywide
Fees	Majority vote by legislative body for each jurisdiction imposing the fee	
Impact Fee or Exaction	Implementation of an impact fee or exaction to provide for open space, recreation lands, and/or habitat resources.	By jurisdiction or any subarea
Other Open Space Funding Mechanisms		
Taxes	Majority vote by legislative body for each jurisdiction imposing the tax and voter approval by jurisdiction	
Parcel Tax	An increase in a special excise tax on use of property, typically based on a flat rate per parcel varying by land use.	By jurisdiction
Mello-Roos Community Facilities Tax	Formation of a Mello-Roos Community Facilities District for the purpose of imposing a special non-ad-valorem tax within District boundaries. Apportionment method and the rate of tax can vary.	By jurisdiction or any subarea
Hotel/Motel Tax	An increase in local tax paid on hotel, motel, and other lodging services.	By jurisdiction
Utility Tax	Imposition of new or increase in existing tax paid on utility services.	By jurisdiction
Business License Tax	An increase in tax paid by local businesses for the privilege of conducting business within the city or county unincorporated area.	By jurisdiction
SOURCE: MuniFinancial		

Revenue Potential

To estimate revenue potential for each funding option, we assumed a specific increase in the particular tax or fee rate that would generate new revenue dedicated to the agricultural and open space conservation program. We based our assumptions regarding tax and fee rates primarily on incremental increases to existing rates.

Table 6-2 and Table 6-3 summarize the results of the revenue potential analysis. The tables present the following data:

- The current tax or fee rate for each revenue option, and a potential rate increment for purposes of funding Placer Legacy;
- Annual revenue based on countywide implementation, i.e., if required by law all local jurisdictions would agree to adopt the increase and contribute revenue to Placer Legacy; and

- The maximum debt capacity sustainable under each revenue option. We assume the issuance of a 30-year bond at 8% interest and a 2% issuance cost, and no capitalized interest.

Table 6-2. Revenue Potential for Typical Open Space Funding Options for Placer County

Revenue Source	Current Tax/Fee Rate	Potential Increase	Annual Revenue	Debt Proceeds[1]
General Obligation Bond				
Unincorporated	Min. 1%	0.025%	$2,511,000	$27,703,000
Incorporated	Min. 1%	0.025%	2,638,000	29,099,000
Total			$5,149,000	$56,802,000
Sales Tax[2]				
Unincorporated	7.25%	0.25%	$2,898,000	$31,973,000
Incorporated	7.25%	0.25%	5,616,000	61,959,000
Total			$8,514,000	$93,932,000
Impact Fee or Exaction				
Residential (per unit)	NA	$300	$851,000	$9,389,000
Nonresidential (per square foot)	NA	$0.17	339,000	3,740,000
Total			$1,190,000	$13,129,000

1. Assumes a 30-year bond with 8% cost of capital and 2% cost of issuance, and no capitalized interest.
2. Revenue potential based on existing retail sales and is conservative given the probable real growth in sales over time.
3. Revenue potential based on countywide annual average growth projected from 2000 through 2020 and a hypothetical fee of $1,500 per acre. Impact fee revenues cannot be bonded, but could be used to fund a debt-like instrument.

SOURCE: MuniFinancial

An increase in the property tax rate as indicated in the table is equivalent to $0.025 per $100 of assessed value. For a residential property valued at $200,000, the tax payer would see an increase in their property tax bill of $50 per year to fund agricultural conservation and open space in Placer County.

The sales tax revenue potential is based on current levels of retail sales and is conservative given the probable growth in sales over time. The current sales tax rate is 7.25%. The rate could be raised to a maximum of 8.75%. A sales tax increase must be imposed countywide and not for any sub-area. Exemptions and the method of administration are governed by the State. The County cannot exclude from the tax purchases by either type of good or purchase value. An increase of .25% in the sales tax rate translates to an annual average cost per household of about $40. The additional sales taxes attributable to business-to-business sales in Placer County would amount to about $.05 per square foot per year.

The impact fee or exaction revenue estimates reflect an assumption about the level of a potential development impact fee or in-lieu fee for open space and/or habitat resources. A fee level of $1,500 per acre of development is within the range of habitat and open space mitigation fees imposed in other California jurisdictions (see Table 6-7 at the end of this chapter). It is also within the range of possible increases that could be considered to the County's existing park dedication in-lieu fee. We convert the per-acre fee to an equivalent per-unit and per-square-foot fee using average development density assumptions. The annual revenue estimate is the result of multiplying the per-unit and per-square foot fees by the annual average number of new units and the annual average amount of non-residential development expected throughout Placer County.

Table 6-3. Revenue Potential for Other Open Space Funding Options for Placer County

Revenue Source	Current Tax/Fee Rate	Potential Increase	Annual Revenue	Debt Proceeds[1]
Parcel Tax				
Unincorporated	None	$50 per parcel	3,201,000	35,315,000
Incorporated	None	$50 per parcel	2,573,000	28,387,000
Total			$5,774,000	$63,702,000
Mello-Roos Special Tax	Flexible formula; see parcel tax for comparison.			
Hotel/Motel Tax				
Unincorporated[2]	8% - 10%	1.00%	$275,000	$3,034,000
Roseville	6%	1.00%	61,000	673,000
Utility Tax				
Unincorporated	None	--	--	--
Roseville[3]	Varies	10%	698,000	7,701,000
Business License Tax[3]				
Unincorporated	Varies	10%	59,000	651,000
Roseville[3]	Varies	10%	32,000	353,000

NOTE: The City of Roseville is the largest city in Placer County and therefore provides a good indication of the revenue potential in the incorporated area. The actual revenue generated by any new taxes or increases in existing taxes would depend on the particular combination of jurisdictions participating in the Placer Legacy revenue program.

1. Assumes a 30-year bond with 8% cost of capital and 2% cost of issuance, and no capitalized interest.
2. Tahoe area tax rate equals 10 %; Auburn area tax rate equals 8%. Assumes an average rate of 9%.
3. Current tax rates range from 0% to 5%. For these cases, the potential percentage increase refers to an increase in revenue, not an increase in the tax rate.

SOURCE: MuniFinancial

The analysis demonstrates that sources with a broad tax base, such as the sales tax or property tax, would have the greatest revenue potential. Each of the remaining revenue options could be aggregated into various combinations to yield a greater impact.

Adoption Requirements

Adoption requirements refer to the approval needed by a legislative body, or the electorate through a popular vote, to implement a revenue source. Adoption requirements can impose substantial barriers to implementing specific revenue options. Table 6-1 at the beginning of this section summarizes the adoption requirements according to the following three categories:

- Revenue options that require a majority vote by the Board of Supervisors and countywide voter approval;

- Revenue options that require a majority vote by the Board of Supervisors or by respective City Councils;
- Revenue options that require a majority approval by the Board of Supervisors and each City Council, plus voter approval in each jurisdiction.

The impact fee or exaction option arguably has the least stringent adoption requirement because no voter approval is needed. The difficulty of this option, though, is that each city and the County would need to adopt the fee to implement it on a countywide basis.

All other options would require two-thirds voter approval as a special tax. Most options, however, could gain approval with a majority vote under an approach known as the "split ballot approach". In this approach, the revenue source can be adopted with majority voter approval as a general tax with an accompanying advisory measure that specifies the program(s) the potential revenue would finance.

Evaluating Revenue Alternatives

We evaluated revenue options against four criteria:

- **Revenue potential** (discussed above);
- Adoption requirements (discussed above);
- **Revenue stability** is the ability of the revenue source to provide a constant level of funds over time. Revenue options that do not fluctuate with the business cycle, such as G.O. bond, parcel tax, and utility tax, tend to generate a constant level of funds. Such revenue options rank high; and
- **Administrative cost** is the cost associated with administration and implementation. Revenue options with high administrative cost rank poorly. With the exception of the development impact fee and Mello-Roos tax, the revenue options described here do not have significant administrative costs. In the case of development impact fees, jurisdictions would have to comply with the annual and five-year reporting requirement of *Government Code* 66000 et seq. A Mello-Roos tax may require annual administration to place the tax on the tax rolls, depending on the complexity of the tax formula.

Table 6-4 evaluates how each of the revenue options ranks according to the four criteria.

Table 6-4. Ranking of Local Revenue Options

Revenue Source	Revenue Potential	Adoption Requirements	Revenue Stability	Administrative Cost
General Obligation Bond (property tax)	1	2	1	1
Sales tax	1	2	3	1
Development Impact Fee	2	1	3	3
Parcel Tax	2	3	1	1
Mello-Roos Tax	3	3	2	3
Hotel/Motel Tax	3	3	3	1
Utility Tax	3	3	1	1
Business License Tax	3	3	2	1

NOTE: Ranking scale from "1" best to "3" worst.
SOURCE: MuniFinancial

Other Local Options

Motor Vehicle License Fee Revenues

Collected by the Department of Motor Vehicles and disbursed by the State Controller, this license fee, equivalent to 2% of the market value of motor vehicles, is imposed annually by the state "in lieu" of local property taxes. Article XI, Section 15 of the California Constitution provides that this fee shall be allocated to cities and counties. Unlike the Gasoline Tax, where the use of revenue is restricted to transportation related capital projects, the use of revenue generated from the Motor Vehicle License Tax is unrestricted. This is a discretionary revenue source provided to both cities and counties. By this account, unallocated funds could be used for the implementation of Placer Legacy. A portion of this state subvention to the counties, however, is allocated for realignment programs (i.e., health and welfare).

Habitat Maintenance Assessment Districts

The State Resources Agency describes the 1993 legislation authorizing local Habitat Maintenance Assessment Districts as a key component of California's pioneering ecosystem approach to species protection (*Government Code* 50060 et seq). The legislation recognizes that no single funding source can be relied upon to achieve species protection and land conservation goals. The local funding authority embodied in the districts is intended to encourage cooperation in the interests of habitat conservation and to allocate the costs of habitat conservation in accordance with local and regional benefits The legislation establishes the principle of benefit if past or proposed use of a parcel adversely affects habitat or if the parcel otherwise benefits from improvements to habitat.

Imposition of this special assessment would require a majority vote of the voters in the district. Agricultural and timberland parcels are exempt from the assessment. The maximum annual assessment under a Habitat Maintenance Assessment District is limited by law to $25 per parcel as of 1994, increased in subsequent years by the California Consumer Price Index. Bonds could be issued, but the term is limited to 10 years. Funds can be used to acquire, develop, and maintain habitat lands.

Placer Legacy - Generated Funds

There are also options to generate revenue from Placer Legacy activities. Acquired lands might be leased back to agricultural operations, thereby generating lease revenues. Lands acquired in fee title might also be leased for hunting. The sale of credits from a mitigation bank established by Placer Legacy might also result in net revenue that could be reinvested in land management and program activities. Users of outdoor recreation lands might be asked to pay fees for services. The discussion later in the chapter of the experience of other land management entities and habitat conservation plans provides examples of these other local revenue sources.

Other Sources

The Board of Supervisors could make **General Fund** allocations to Placer Legacy on an annual basis. The Board has allocated funds for the planning phase of the program. The County currently assesses a **Park Dedication In lieu Fee** on new residential development. The current fee level of $1,285 per lot funds approximately half of the cost of developing active parks. A fee increase could be applied to meeting the companion General Plan policy objective for passive recreation land. Other sources include: **donations** of land or funding and **dedications** associated with discretionary development projects. **Development agreement negotiations** are another means by which Placer Legacy could obtain land and/or program funding. The County could also obtain title to suitable properties that would otherwise be auctioned because of property tax delinquencies.

SECTION C: BACKGROUND ON FEDERAL AND STATE FUNDING

Federal and state funding sources applicable to implementation of Placer Legacy include programs for open space and parkland acquisition, programs for habitat enhancement and protection, programs for agricultural conservation, and programs for open space and habitat development as enhancements for transportation projects as well as for environmental protection and water quality projects.

New sources are of funding are being created at both federal and state levels. The federal Endangered Species Act has a new funding program specifically for multi-species habitat conservation planning. The first funds were made available in fiscal year 96/97. Similarly, the 1996 Farm Bill included programs and funding authority for farmland conservation and habitat preservation. At the state level, there is new bonding authority for park, open space, habitat, and resource enhancement projects. Funding is also available to support agricultural conservation efforts and comprehensive approaches to natural communities conservation planning.

Selected Federal Funding Sources

The principal sources of federal funding for acquisition of recreation lands, wildlife habitat, and wilderness areas in the **Land and Water Conservation Fund** (LWCF), created in 1964. The fund receives money primarily from fees paid by companies drilling offshore for oil and gas. Other funding sources include sale of surplus federal land and taxes on motorboat fuel. Funding is allocated to four federal agencies: the National Park Service, Bureau of Land Management, Fish and Wildlife Service, and the Forest Service. Although funding is authorized at $900 million per year, actual appropriations generally have been substantially less and the level has not been consistent over the years, although the situation is improving. With only limited appropriations, most funds were earmarked for specific sites and projects. The last five years have seen a steady increase in LWCF appropriations. The funding level for fiscal year 2000 totals over $420 million.

California's congressional delegation has been instrumental in developing legislation that would secure permanent annual LWCF funding for land purchases and restoration. The House of Representatives is currently considering legislation to earmark $45 billion over 15 years. California's allocation would be the most—estimated at $324 million per year.

In California, the Forest Service's fiscal year 2000 land acquisition request (through the LWCF) includes $2.5 million for about 1,000 acres in the Lake Tahoe Basin, in support of the Forest Plan and the Regional Plan goals of restoring watersheds and removing environmentally sensitive lands from the threat of development. Other fiscal year 2000 land acquisition requests in California total $10 million.

The fiscal year 2000 LWCF appropriation to the Fish and Wildlife Service totals about $55 million. Of that amount, California projects claimed from $2.5 million to $4.7 million (depending on final allocations from Congress). Funds were allocated to the Don Edwards National Wildlife Refuge on San Francisco Bay and to implementation of the Multi-Species Conservation Plan in San Diego.

The **National Fish and Wildlife Foundation** provides funding for wildlife conservation projects throughout the country, often in partnership with other agencies and organizations. The Foundation awards funds (primarily federal appropriations) as challenge grants requiring additional matching funds. Since 1984, the Foundation has made more than 3,400 grants, committing over $135 million in federal funds. Current programs likely to be of particular interest to Placer Legacy include: challenge grants to projects that promote habitat conservation and collaboration among conservation and community interests; challenge grants for conservation in partnership with the Natural Resources Conservation Service (see below); and the Pacific grassroots salmon initiative.

The Natural Resources Conservation Service (NRCS) of the U.S. Department of Agriculture administers funding for farmland protection and habitat conservation. The conservation provisions were important components of the 1996 Farm Bill.

The **Farmland Protection Program** (FPP) provides funding to the states and local governments to acquire conservation easements or other interests in agricultural land for the purpose of limiting conversion to nonagricultural uses. In 1996 and 1997, the FPP committed $16.2 million towards conservation easement purchases; in fiscal year 1998, up to $17 million was available for this program. The FPP is intended to supplement other funds for easement purchases; the participating state or local government entities must commit to providing funding for 50 percent of the easement market value.

The NRCS **Wetlands Reserve Program** is a voluntary program to restore and protect wetlands on private property by offering financial incentives to enhance wetlands in exchange for retiring marginal agricultural land. The program works through conservation easements or cost-sharing restoration agreements. California's Wetlands Reserve Program focuses on habitat for nesting and migrating waterfowl and shorebirds and some state and federal threatened or endangered species, including those associated with vernal pool wetlands. Riparian corridors are also important. Over 47,000 acres are currently enrolled throughout the state. Landowners receive important financial value for the relatively unproductive farmland, and there is often additional income potential through the sale of hunting privileges on restored wetlands.

The **Cooperative Endangered Species Conservation Fund** administered by the Fish and Wildlife Service provides federal funding via state agencies (the Department of Fish and Game in California) for habitat conservation planning. The program provides funding for up to 75 percent of program costs. Over the last three fiscal years, total grant funding has ranged form $13 million to an estimated $76 million (for fiscal year 2000). Grants range from $1,000 to $235,000, with an average of $100,000.

A key component of the Clinton-Gore "Livability Agenda" is financing. The proposed financing tool—**Better America Bonds**—would provide zero interest financing to local communities to preserve open space, protect water quality, and clean-up brownfields. The proposal in the 2000/01 budget is for $10.75 million in bonding authority over five years. Because the bonds would be interest free, they would significantly reduce costs compared to more typical tax-exempt financing methods. The U.S. Environmental Protection Agency would administer Better American Bonds.

Selected State Funding Sources

Enacted in 1995 as the Agricultural Land Stewardship Program, the **California Farmland Conservancy Program** is now implemented by the California Department of Conservation. The program provides grants to local governments and non-profit organizations for the purchase of agricultural conservation easements. As of April 30, 2000, $8.8 million in funding was unallocated. About half that amount was expected to be committed to applications currently under review. Passage of Proposition 12 on the March 7, 2000 ballot makes another $25 million available. Recent state legislation also transfers Williamson Act cancellation fees to this program instead of to the state's general fund.

The Department of Conservation also provides funding assistance to **Resource Conservation Districts** to promote watershed management and conservation. The annual funding level is $120,000. The Department awarded 12 grants in fiscal year 1998/99.

California's two recent bond measures—**Propositions 12 and 13**—will provide over $4 billion towards protection of wildlife habitat, open space, parkland, and air and water quality programs. Projects throughout the state are expected to benefit from this replenished funding for open space and habitat protection. Placer County's $1.2 million allocation from Proposition 12 (based on population) should be committed to park projects already under development. The County would have to submit grant applications to receive additional funding from proceeds of Propositions 12 and 13.

The **Habitat Conservation Fund Grant Program**, established by the California Wildlife Protection Act of 1990, makes grants to local public agencies. The funding level is $2 million per year through 2020.

California's Natural Communities Conservation Planning Act is a new conduit for conservation funding.

Other sources of state funds include:

- Environmental License Plate Fund
- Public Resources Account, Cigarette and Tobacco Products Surtax Fund
- Inland Wetlands Conservation Program
- Riparian Habitat Conservation Program
- Environmental Enhancement and Mitigation Program

Most of these funds are administered by the California Wildlife Conservation Board and the California Resources Agency.

The **Natural Heritage Preservation Tax Credit** is proposed in the state budget as a one-time $100 million state tax credit to landowners of unique properties who are willing to donate their land to the state for habitat and land conservation purposes. The Department of Finance is current working on the details for implementation.

SECTION D: FUNDING OF OTHER LAND MANAGEMENT ENTITIES

The actual operating experience of other local entities that manage land for conservation and recreation purposes provides a useful context for consideration of a multiple source funding plan for Placer Legacy. All of the cases presented below rely on a variety of funding sources. Local public sources (property tax and sales tax) are critical components of the support for special districts organized for land conservation purposes. Other sources relied upon to varying degrees by the different entities include: charitable contributions (of land and/or money), state and federal grants, charges for services, and lease income.

Two distinct types of land management entity are described below: special district governmental units and private, non-profit or public benefit land trusts. The two types often work in close partnership with each other. Their separate missions are designed to provide complementary services towards the goals of land conservation. Generally, the special districts manage open space and resource lands for long-term protection and to provide for public access and recreational opportunities. The non-profit land trusts often operate as the entrepreneurial agents for the special districts, stepping up to acquire land for ultimate transfer to a public agency. Without the requirements for public hearings and other governmental procedures, the non-profit land trust can be more proactive when it comes to acquisition. While the open space districts rely on significant streams of local public funding for on-going land management, the land trusts fundraise actively among corporations, foundations, and private individuals, often basing a capital campaign around the need and or opportunity to acquire one or more signature resource properties.

Partnerships between open space districts and land trusts and other public or non-profit entities with similar goals and interests are key to achieving the overall goals of comprehensive land protection and management. Among the entities described below, several such partnerships are represented. The Peninsula Open Space Trust works closely with the Midpeninsula Regional Open Space District and the Marin Agricultural Land Trust receives funding from the Marin County Open Space District. Table 6-5 and Table 6-6 following the respective subsections summarize the key characteristics of each land management entity.

Regional Open Space Districts

East Bay Regional Park District

The East Bay Regional Park District (EBRPD) is a special district formed by the voters of Alameda and Contra Costa Counties in 1935 to acquire and maintain parklands. The District manages 91,000 acres of land in two counties, providing regional parkland, trails, and educational programs. The District owns and maintains significant biologic, scenic, geologic, and historic resources. In 1999, the District's annual operating budget (exclusive of debt service and capital outlay) totaled about $54 million.

Property tax is the district's principal revenue source. A general property tax is levied on properties in Alameda and Contra Costa counties at a rate of $.03 per $100 of assessed value. This tax generated about $50 million in 1998, about 60 percent of total EBRPD revenues in that year (counting revenue for both operating and capital expenditures). Additional property taxes tied to a variety of special purpose assessment districts and bond issues accounted for another 23 percent of District revenues. Charges for services and interest income each made up another six percent of revenues. Rents and leases contributed about one percent of total revenues in 1998. Grants, generally for specific acquisitions or capital projects, are a relatively small component of total revenues. The EBRPD partners with the Regional Parks Foundation, a separate nonprofit corporation that raises funds to support the District.

Local public funding for the EBRPD is substantial. For a typical single-family residence valued at $200,000, the combination of the basic property tax assessment, plus special benefit assessments in some areas, ranges from about $65 per year to $120 per year. In addition, in 1988 the voters passed Measure AA authorizing the district to issue $225 million in bonds for acquisition and development of recreational projects. (The measure passed with 68 percent of the vote.) The 1998/99 tax rate for the bond measure is $.0092 per $100 of assessed value. This translates to an additional $18.40 per year for a single family residence valued at $200,000. The combination of taxes and assessments represents a total tax burden of $25 per capita for the two-county district.

Midpeninsula Regional Open Space District

The Midpeninsula Regional Open Space District (MROSD), formed in 1972, is a voter-approved special district responsible for open space acquisition and preservation in the northern and western portions of Santa Clara County, the southern and eastern portions of San Mateo County, and a small part of northern Santa Cruz County. The District manages 45,000 acres of land in 23 open space preserves (ranging from 55 acres to over 12,000 acres in size) to meet its primary purpose of preserving open space. Most acquisition is through fee title interest. All MROSD lands are open to the public at no charge, 365 days a year. Improvements to provide public access for low intensity recreation are limited and may include gravel parking areas, restrooms, signed trails, and picnic tables Unlike the EBRPD, MROSD does not provide significant interpretive or educational services. The MROSD has an annual operating budget of about $6 million in fiscal year 1998/99.

Property tax is the primary revenue source. In fiscal year 1998/99, a general property tax levied at a rate of $0.17 per $100 of assessed value generated about $13 million, about 80 percent of the District's total annual revenues for both capital and operating expenditures. The general property tax rate translates to an annual tax of about $34 for a residence valued at $200,000. Other revenue sources consist of interest income, rental income, grants, and gifts. The Peninsula Open Space Trust (POST), described below, is an important non-profit partner, undertaking strategic acquisitions and subsequently transferring that land to the open space district for long-term management.

The MROSD has issued just over $100 million in long-term debt to finance land acquisition and capital improvements. The District has employed a variety of financing mechanisms, including revenue bonds, certificates of participation, and long-term notes. None of these issues has required a public vote.

Marin County Open Space District

Formed in 1972, the Marin County Open Space District manages 13,800 acres in 32 open space preserves in Marin County. Preserves are free and open to the public year round; there are no parking areas, restrooms, or trash receptacles. While the district works closely with the Marin County Parks, Open Space, and Cultural Services Department, the district's budget is separate from the county budget. The annual operating budget is about $1.7 million.

Funding for acquisitions and operations comes primarily from a local property tax assessment. Other revenue sources include local assessment districts and community facilities districts, state and federal grants, donations, and general obligation bond proceeds. The Marin County Open Space District provides funding to the Marin Agricultural Land Trust (MALT), described below, to assist in establishing conservation easements on agricultural land.

Sonoma County Agricultural Preservation and Open Space District

Unlike the three districts described above, the Sonoma County Agricultural Preservation and Open Space District (SCAPOSD) came into being after Proposition 13 made any proposed increases in the local property tax rates subject to a two-thirds voter approval requirement. The SCAPOSD is another special district funded with local tax revenues. The SCAPOSD was formed in 1990 to promote Sonoma County's General Plan policies on the preservation of open space and to administer an open space acquisition program. The District has preserved 29,200 acres. Compared to the other open space districts described above, the SCAPOSD annual operating budget of $1.8 million is relatively small; unlike the other districts, SCAPOSD does not play a large role in managing land. Most acquisitions are agricultural and conservation easements.

Almost all revenues come from a 0.25 percent special sales tax authorized by the voters in 1990 for a twenty-year period. For fiscal year 1999/00, the 0.25 percent local sales tax is estimated to generate $13.9 million for the District.

As of June 1999, the SCAPOSD had posted direct land acquisition costs of $46.8 million, securing preservation of 29,200 acres. The District primarily acquires conservation easements, limiting fee title acquisition to opportunities for outdoor recreation. Furthermore, many of those lands acquired in fee are cooperative projects with cities and the County, and those agencies assume responsibility for on-going management.

Table 6-5. Selected Regional Open Space Districts

	East Bay Regional Park District	**Mid Peninsula Regional Open Space District**	**Marin County Open Space District**	**Sonoma County Agricultural Preservation and Open Space District**
Year Established	1934	1972	1972	1990
Territory	Two counties	Parts of 3 counties	One county	One county
Preserve Acres	91,000	45,000	13,800	29,200
Capital Assets				
Land	$215 million	$167 million	$23 million	$46.8 million
Improvements	$109 million	$8.7 million		
Annual Operating Budget[1]	$57.5 million	$5.0 million	$1.7 million	$1.8 million
Funding Sources	♦ Property tax ♦ General obligation bond proceeds[2] ♦ Assessment districts ♦ Lease income ♦ Charges for services ♦ Donations ♦ Federal and state grants	♦ property tax ♦ proceeds from revenue bonds and certificates of participation ♦ federal and state programs ♦ lease income ♦ donations	♦ property tax ♦ general obligation bond proceeds ♦ federal and state programs ♦ local assessment districts and community facilities districts ♦ donations	♦ sales tax for 20 years ♦ grants ♦ donations
Annual Local Public Funding	$50 million (82% of operating fund revenue)	$12.6 million (80% of general fund revenue)	$1.7 million (53% of total annual revenues)	$13.9 million
Tax Rate	3.0 cents per $100 assessed value $60 per year for $200,000 residence	1.7 cents per $100 assessed value $34 per year for $200,000 residence		0.25% sales tax (7.5% total tax rate)

[1] Exclusive of acquisitions and debt service.
[2] The general obligation bond tax rate of .0092 cents per $100 of assessed value adds another $18 per year for a $200,000 single family residence. In addition, some parts of the district contribute to benefit assessment districts support operations of the district. Total taxes and assessments per capita are estimated at about $25 for 1999.

NOTES:
EPRPD: 1988 bond measure authorized $225 million for regional and local park projects. EBRPD has acquired 22,000 acres and 100 miles of trails. Bond funds leveraged 40% more funding from public agencies and private donors. 25 percent of bond funds allocated per capita to local jurisdictions for park acquisition and development.
MROSD: $100 million in long-term debt issued to finance acquisitions and capital improvements. Most acquisition through fee title interest. Eminent domain only as “last resort”.
SCAPOSD: Acquisition program focuses on lands designated in the Sonoma County General Plan Open Space and Agricultural Resources Elements, and provides for other open space projects in cities. Most acquisition through conservation easements. Fee title acquisition for public recreation lands. The District does not have the power of eminent domain.
SOURCE: Hausrath Economics Group, based on budgets, financial statements, policy statements, and other background information provided by the districts.

Land Trusts

The land trusts described below are important partners to open space special districts and local governments. They are able to take on a more entrepreneurial land acquisition function because they are not subject to the often time-consuming requirements of a public process. Unlike larger open space districts that rely on a substantial base on long term public funding, many non-profit open space trusts are not funded or organized for long-term land management. The Trust for Public Land and The Nature Conservancy are prime examples of non-profit land trusts that are national in scope.

Peninsula Open Space Trust

The Peninsula Open Space Trust was founded in 1977 as the private sector response to the open space preservation need represented in the public sector by the Midpeninsula Open Space District (described above). The district has acquired 40,000 acres for open space preservation purposes, transferring most of this land to public agencies (county, state, federal, special district) for long-term stewardship. POST has retained ownership of some properties leased back for agricultural use, and some other large and complex properties that the public agencies are not prepared to manage. POST's annual operating budget was $3.1 million in 1998/99; in that same year, the trust spent $3.6 million on land purchases.

Marin Agricultural Land Trust

The Marin Agricultural Land Trust (MALT), was the first non-profit land trust in the United States to focus on agricultural land preservation. MALT was founded in 1980 and promotes agricultural open space preservation through purchases of land and conservation easements, public education, and advocacy. MALT holds easements on about 26,600 acres of land operated as farmland and rangeland in Marin County. With an annual operating budget of $550,000 in 1998/99, MALT monitors the easements and conducts public education programs and special events. Two-thirds of MALT's operating revenues come from membership dues and contributions. Grants are also an important funding source for operations and easement acquisition. In 1998/99, expenditures for land acquisition totaled about $1.1 million. MALT receives contributions from individuals, corporations, and foundations, and receives grants from the California Coastal Conservancy and the California Farmland Conservation Program.

Solano County Farmlands and Open Space Foundation

Of the land trusts described here, the Solano County Farmlands and Open Space Foundation is different in that its primary source of funding is special tax revenue from a Mello-Roos Community Facilities District (CFD). Formed in 1986, the Foundation is the operating arm of the CFD the purpose of which is to acquire open space and agricultural lands and manage those lands for their agricultural and open space values. The Foundation manages 6,500 acres of farmlands, ranchlands, wetlands, and open space; 90 percent of the lands are in agricultural production. Most of the land is held in fee title.

Of total operating revenues of $323,000 in 1998/99, the special tax revenues from the CFD account for 43 percent. The City of Fairfield provides about 20 percent of total operating revenue in exchange for staffing of ranger and naturalist positions on City open space lands. The foundation also receives rental income from farming and grazing on some of the land that it owns. The Foundation has been very successful in obtaining grants for acquisition, including grants from the California Coastal Conservancy, State Environmental Enhancement and Mitigation Fund, State Habitat Conservation Fund, California Department of Conservation, and CalFed. The Foundation's land assets are valued in excess of $6.5 million.

Table 6-6. Selected Non-Profit Land Trusts

	Peninsula Open Space Trust	Marin Agricultural Land Trust	Solano County Farmland and Open Space Foundation
Year Established	1977	1980	1986
Territory	San Francisco Peninsula	One county	Solano County, especially Fairfield and vicinity
Preserve Acres	40,000[1]	26,605	6,500[2]
Asset Value	Generally transfers all lands to public agencies for long-term stewardship[3]	Agricultural conservation easements on 40 properties	$6.8 million[4]
Annual Operating Budget	$3.1 million	$550,000	$250,000
Funding Sources	♦ primarily private sources (foundations, corporations, individuals) ♦ lease revenue from property retained in agricultural production	♦ primarily private sources (foundations, corporations, individuals) ♦ County grants ♦ State and federal agricultural conservation easement grant programs	♦ community facilities districts ♦ lease income from farming and grazing ♦ charges for park management services ♦ donations ♦ federal, state, and city grants

[1] Most of this acreage transferred to public agencies for long-term stewardship. Some of these acres are counted in the preserve lands for the Mid Peninsula Regional Open Space District.
[2] Ninety percent of this land is in agricultural production. Includes 1,800 acres managed by the Trust for the City of Fairfield and the Department of Fish and Game.
[3] POST has retained ownership of a few properties that are leased back for agricultural production. Also, in some cases, POST retains title when public agencies are not able to secure funding or assume long-term stewardship responsibility.
[4] Easements account for only a small portion (less than five percent) of acquired acres and capital asset value.
SOURCE: Hausrath Economics Group, based on budgets, financial statements, policy statements, and other background information provided by the land trusts.

SECTION E: FUNDING OF OTHER HABITAT CONSERVATION PLANS

Table 6-7 (on the following three pages) presents summary information about the funding of other habitat conservation plans developed over the last decade in the Central Valley and elsewhere in California. The information is from planning documents published at various stages during the lengthy approval process for such plans. The key conclusions from a comparative analysis of funding plans developed over the last decade are as follows:

- The San Joaquin County Multi-Species Habitat Conservation and Open Space Plan proposes a multiple source funding plan that does not include a local public funding component. The plan establishes a range of development impact fees ranging from $8,000 per acre for vernal pool habitat to $750 per acre for multi-purpose open space. The fee proposed for agricultural habitat land and most other natural land is $1,500 per acre. Impact fees would cover about two-thirds of total plan costs. The plan generates funding for open space preservation not directly related to the habitat of species covered by state and federal laws by recognizing that all land conversion reduces open space resources and most open land conversion also reduces important habitat resources. To develop impact fees, plan costs are allocated to types of future land conversion according to a relative weight attributed to the resource that would be converted (ranging from open space at the low end to high value habitat lands at the high end). The San Joaquin County Plan also relies on substantial state and federal funding and entrepreneurial activity on the part of the land management entity (lease revenue and income from creation of a successful habitat mitigation bank).

- In the Natomas Basin plan, impact fees cover less than half of total plan costs. The compensation ratio is set at one-half acre of preserve land per acre of conversion. All preserve lands are to be acquired in fee title and the plan depends on aggressive management of those lands to generate operating revenues from rice farming and hunting.

- In Yolo County's habitat plan, impact fees of $2,630 per acre fund 100 percent of plan costs. Other sources are described but assumed to be very limited. The compensation ratio is one acre of preserve per acre of conversion. All preserve lands are to be secured by means of conservation easements.

- The metropolitan Bakersfield plan has a substantially lower cost structure than do the plans for the northern part of the valley, because of significantly different land acquisition costs. Impact fees of $1,250 per acre fund 100 percent of plan costs.

- In Southern California habitat conservation plans, state, federal, and local sources are significant contributors to the funding plans.

- The San Diego Multi-Species Conservation Plan (MSCP) relies on state and federal governments to donate existing public lands for preserve assembly and to acquire 50 percent of the other preserve lands to be acquired by the public sector. Federal and state governments are also responsible for the on-going costs of managing and monitoring about 50,000 acres of preserve lands. A local (regional) funding source is proposed to fund acquisition and management of the remaining 50 percent of the preserve lands to be acquired by the public sector. (The final plan evaluates several options: benefit assessments levied by a regional park and open space district, habitat maintenance assessment district, Mello-Roos community facilities district special tax, increase in property tax rate, and increase in sales tax rate.) In 1999, the City of San Diego approved spending 20 percent of the City's share of Tobacco Settlement funds on improvements to park and open space, including the MSCP. In addition, local governments are expected to contribute over 45,000 acres of existing publicly-owned lands to the preserve system. Private development contributes about one-third of the total preserve lands. Because preserve assembly is proceeding according to targeted goals using state and federal money and mitigation of private and public development projects, a local public funding measure has not been placed before the voters.

- In Orange County, state and federal sources are proposed to contribute 60 percent of total plan costs, assuming an average funding level of $1.6 million per year.